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MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2018

GOLD

CMP Rs. 30500 /10Gms MCX Oct 2018

Market Outlook and Fundamental Analysis:

Continue its southward journey, precious metals pack all fall in Aug also with spot gold down 1.6% in Aug totaling about 8% so far this year and 5th straight monthly decline, making it the longest losing streak since early 2013 amid rising U.S. interest rates, international trade disputes and the Turkish currency crisis, with investors preferring the dollar as a safe-haven. However, it recover smartly towards end of the month for a gain of about 4% from the 19-month low of $1,159.96 hit on Aug 16 on fresh trade war threat between US-China. However, the prospect of higher U.S. interest rates in Sep and again before the end of the year is a negative and cap prices at higher level. The U.S. Federal Reserve next meets on Sept. 25-26 and twice more in November and December. The ongoing outflows from ETFs, indicator for Investment demand, record-high speculative shorts and upbeat U.S. economic data are still the major hurdle for Bull Run in Bullion for months to come. Silver lost above 16%, touch lowest since Feb 2016 followed by platinum around 16% and palladium 7% so far this year. On mid Aug gold register biggest weekly lost since May 2017 and dollar index register 13-month high. Platinum also register biggest weekly drop since Nov 2015 and hit a 10-year low followed by palladium at 1-year low.

Investors traditionally use gold as a means of preserving the value of their assets during times of political and economic uncertainty and inflation, but it has this year failed to benefit. Instead investors have made a beeline for U.S. Treasuries, seen as the ultimate safe haven, which meant they had to buy dollars.

The Fed's latest policy meeting minutes suggested it is on course to raise interest rates further after two hikes this year, denting demand for non-interest-yielding gold. U.S. central bankers discussed raising interest rates soon to counter excessive economic strength but also examined how global trade disputes could batter businesses and households, minutes of the Federal Reserve's last policy meeting showed. The Fed has been raising rates gradually since 2015 and policymakers are now concerned the economy is so strong that inflation could rise persistently above the central bank's 2 percent target. Rising interest rates lift the opportunity cost of holding non-yielding metal gold while boosting the dollar, in which it is priced.

Currency route in Aug, the lira collapsed as much as 23% to a record low, Russia's rouble crumbled to its lowest in more than two years and the euro and pound touched their weakest levels in a year.

On data side, U.S. job growth accelerated in August, with wages notching their largest annual increase in nine years, strengthening views the economy was so far weathering the Trump administration's escalating trade war with China. Nonfarm payrolls surged by 201,000 jobs last month, boosted by hiring at construction sites, wholesalers and professional and business services, the Labor Department said. The economy needs to create 120,000 jobs per month to keep up with growth in the working-age population. Strengthening wage growth underscores tightening labor market conditions and cements expectations for a third interest rate increase from the Federal Reserve this year when policymakers meet on Sept. 25-26.

On supply side, China's net gold imports via main conduit Hong Kong fell about 45 percent in July from the previous month amid lackluster demand, data showed on Monday. Imports via Hong Kong fell to 44.802 tonnes in July from 80.867 tonnes in June, according to data from the Hong Kong Census and Statistics Department.

On demand side, The Russian Central Bank continued to increase its gold holdings in July, taking advantage of low gold prices. Physical gold demand in second largest consumer India regained momentum in mid Aug, with lower prices attracting fresh buying in other major Asian hubs as well.

India's gold imports more than doubled in August to hit their highest level in 15 months as lower prices prompted manufacturers to replenish inventory for a jewellery exhibition, provisional data from metals consultancy GFMS showed. In August, local gold prices fell to their lowest level in seven months, prompting jewellers to buy the bullion to fulfill jewellery show orders. For the first eight months of 2018, Indian gold imports fell 12.6% from a year earlier to 532.1 tonnes, data compiled by GFMS showed.

On investment demand side, the holdings of SPDR Gold Trust, the world's largest gold-backed ETF at 24.36 million ounces, are down 13% since late April. Higher U.S. rates raise the opportunity cost of holding gold, which yields no interest and costs money to store and insure. This is why many investors have sold their gold holdings, as can be seen in exchange-traded funds (ETFs).

Going ahead, Overall Gold will likely trade within a tight range near term as conflicting signals support for bullion from geopolitical worries and pressure from strength in the U.S. economy. The prospect of a trade war between the U.S. and other economies to put a floor under gold prices in the short term but ultimately we think that Fed tightening will prove too strong a headwind. In 2018, gold will deliver its strongest annual price performance in five years, GFMS analysts forecast, as political uncertainty drives investment in bars and bullion-backed funds. There are concerns over sizeable U.S. debt, there's the mid-term election in November, there's enough out there that could see the dollar eventually weaken and gold prices start to improve through the back end of this year. Gold prices could break above $1,400 an ounce for the first time since 2013 this year as an uncertain outlook for stocks, bonds and currencies tempts investors to use the precious metal as a safe haven, according to a Reuters survey of analysts.

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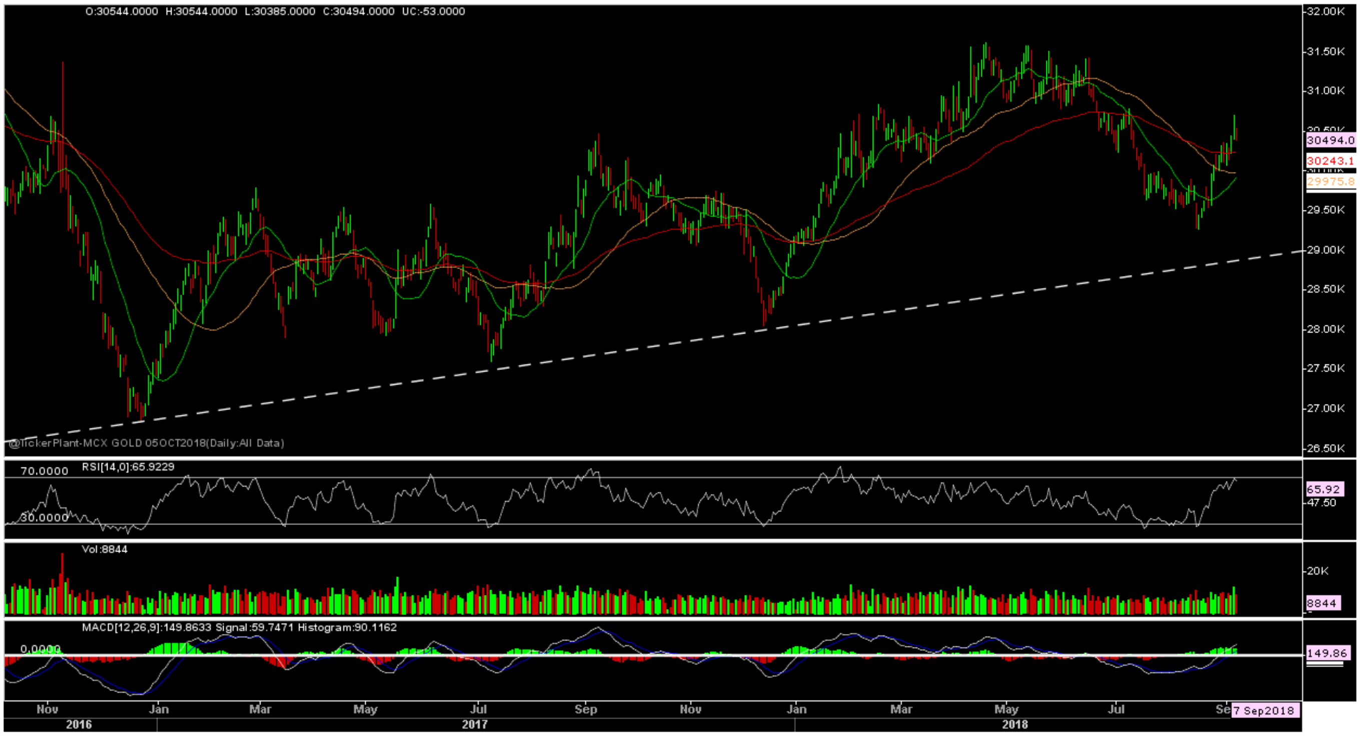
Technical Outlook:



On the Daily Chart:

After fall towards 1-year low, price recover smartly in 2nd half of Aug thanks to weak Rupee against dollar and seen most of the indicators now in favor of bull. Price trading above all 3-SMA with sharp recovery in RSI which break above 65 mark first time since mid April and also MACD above signal line indicates more upside in coming weeks.

In COMEX GOLD is trading at $1196 immediate support at $1180 followed by 1160 while resistance at $1215 & 1235.

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1180	1160	1215	1235
MCX (Rs.)	30000	29550	30700	31050

RECOMMENDATION:

MCX Gold Feb: Buy above 30700 Stop Loss 30375 Targets 31050-31350.
Sell below 30000 Stop Loss 30300 Target 29600-29400.

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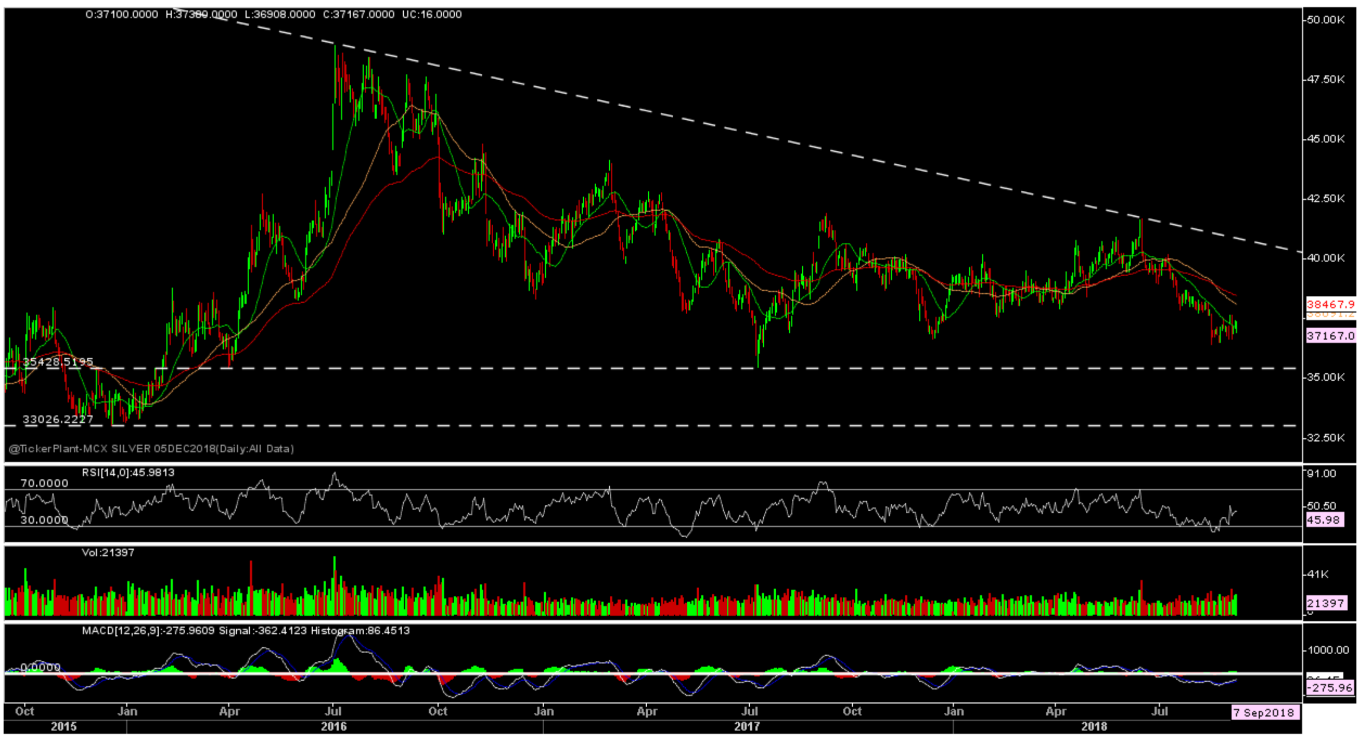
SILVER

Technical Outlook:



On the Daily Chart:

On broader daily chart silver trading between 36700-41700 during 2018 with trading around support level. However it trying to make base near support level with price trading above short term 20-days SMA but still face strong resistance at falling trend line & at medium-long term SMA. MACD below signal line and face resistance ard 50 mark in RSI signals cautious trade in Silver.

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	14.00	13.50	15.10	15.70
MCX (Rs.)	36400	35400	37650	38500

RECOMMENDATION:

MCX Silver July: sell below 36850 & 650 & 36400 S/L above 37450 Target 35400-35000.

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2018

CRUDE OIL

Market Outlook and Fundamental Analysis

After post biggest monthly loss since July 2016 in July, Crude oil bounce smartly in Aug with price Rally almost 10% on 2nd half, reach at highest level of 1-month and with almost 2% gain for the month Aug on expectations that global supply will tighten later this year once US sanction to Iran kick off in Nov and despite increasing output from OPEC as well US. Production by the Organization of the Petroleum Exporting Countries rose 220,000 barrels per day (bpd) in August to a 2018 high of 32.79 million bpd, a Reuters survey showed. Some pressure expected at higher level from trade war between US-China as well European countries which expected to hurt oil demand if they are not settled soon.

Iranian crude exports are likely to drop to a little more than 2 million barrels per day (bpd) in August, against a peak of 3.1 million bpd in April, as importers bow to American pressure to cut orders. Iran's crude oil and condensate exports in August are set to drop below 70 million barrels for the first time since April 2017, well ahead of the Nov. 4 start date for a second round of U.S. economic sanctions, preliminary trade flows data on Thomson Reuters Eikon show. Bowing to pressure from Washington, many crude buyers have already reduced orders from Iran, OPEC's third-biggest producer. Earlier, Washington offered 11 million barrels of sour crude from its Strategic Petroleum Reserve for delivery from Oct. 1 to Nov. 30. The released oil could offset expected supply shortfalls from the sanctions against Iran.

China's manufacturing activity grew at the slowest pace in more than a year in August, with export orders shrinking for a fifth month, a private survey showed. Shipments into the world's biggest importer of crude last month rose to 8.48 million barrels per day from 8.18 million bpd a year earlier and June's 8.36 million bpd, customs data showed. However, July imports were still the third lowest so far this year. The OECD's composite leading indicator, which covers the western advanced economies plus China, India, Russia, Brazil, Indonesia and South Africa, slipped below trend in May and June. World trade volume growth peaked in January, and since then has nearly halved to less than 3 percent by May, according to the Netherlands Bureau for Economic Policy Analysis.

In last week of Aug, U.S. drillers added oil rigs for the first time in three weeks, increasing the rig count by 2 to 862. The high rig count has helped lift U.S. crude production C-OUT-T-EIA by more than 30% since mid-2016 to 11 million bpd. Also, Output from Saudi Arabia rose to 10.424 million bpd in August from 10.288 bpd in July, an OPEC source said. That means the world's three top producers, Russia, the United States and Saudi Arabia, now all pump around 11 million bpd, meeting a third of global demand. And all this will cap in oil prices at every Rally.

However, The International Energy Agency (IEA) has warned of a tightening market toward the end of the year because of falling supply in countries such as Iran and Venezuela combined with strong demand, especially in Asia.

Other side, despite output cut, Members of an OPEC and non-OPEC monitoring committee found producers cut their July output by 9% more than called for in their output reduction pact, two sources familiar with the matter said. This compared with a compliance level of 120% for June and 147% for May, meaning participants have been steadily increasing production. The Organization of the Petroleum Exporting Countries and other producers led by Russia agreed in June to return to 100 percent compliance with oil output cuts that began in January 2017. This follows months of underproduction by Venezuela and other producers which cut output by 160% of the agreed target.

Russian oil output stood at 11.21 million barrels per day (bpd) in August, virtually unchanged from July and steady near a post-Soviet high as production curbs were eased, Energy Ministry data showed on Sunday. In tonnes, oil output reached 47.41 million versus 47.429 million in July. U.S. crude oil production rose 231,000 barrels per day, or 2 percent, to a record 10.674 million bpd in June, the U.S. Energy Information Administration said in a pair of monthly reports. The agency also revised its estimate for May up by 1,000 bpd to 10.4 million bpd.

In a monthly report, OPEC said the world will need 32.05 million bpd of crude from its 15 members in 2019, down 130,000 bpd from last month’s forecast.

Going ahead, Geopolitical concerns, increasing trade friction between China and the U.S. is likely to rock global markets and tarnish bullish sentiment in crude oil markets. Demand from emerging countries and production-supply from US will play important role for H1-2018 while OPEC decision for production cut will play bigger role in later part of the year. But the rise in U.S. Treasury yields above 3% has driven the dollar to three-month highs, making oil more expensive for buyers using other currencies. This might eventually pressure crude prices, even though oil and the dollar have moved in tandem for a few weeks. Global GDP growth is expected to rise to 3.9 percent this year and in 2019. As a result, oil demand growth is also expected to remain robust over the next two years.

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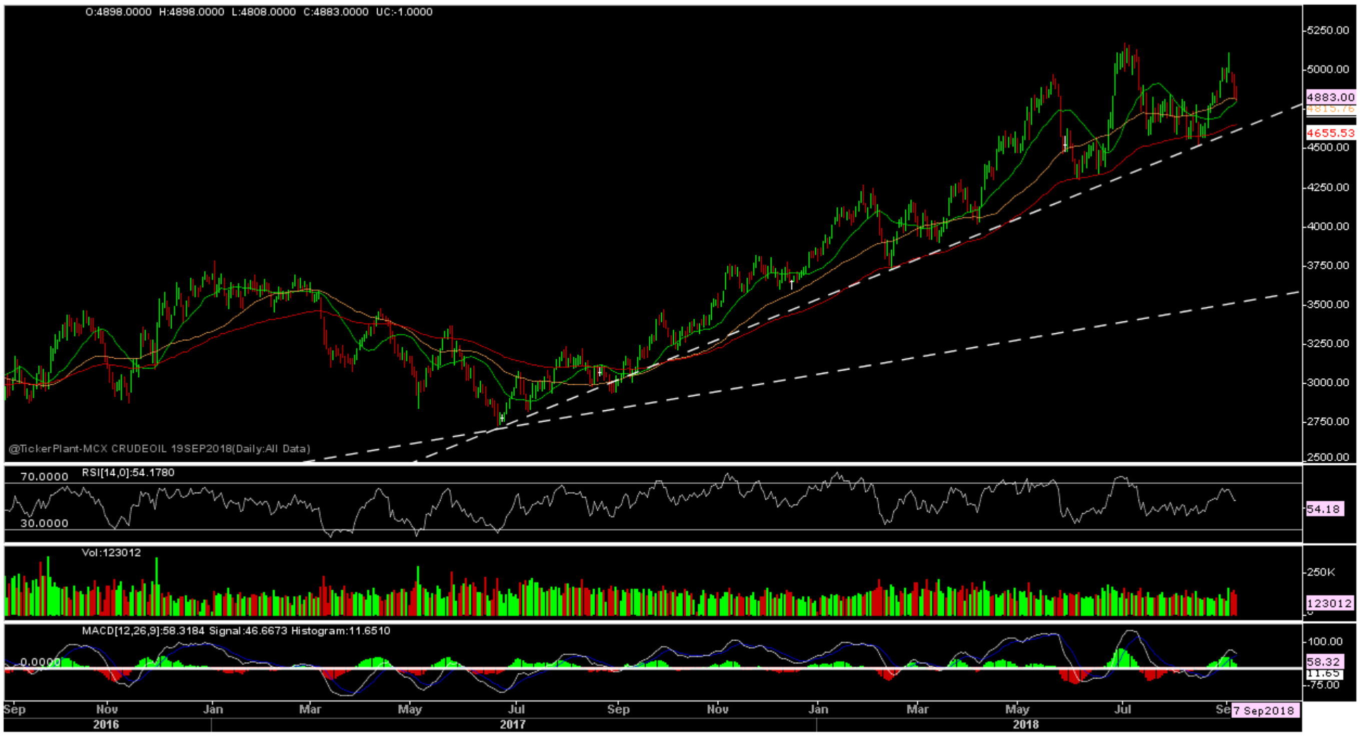
Technical Outlook:-



On the Daily Chart:

Crude oil once again bounce from long term trend line support level but fail to breach previous peak and trading Range bound at end of the month. If price break long term trend line which hold since June 2017 and also at 200 days SMA then we might seen medium term down trend for Crude oil. Price trading near all 3 SMA with MACD above signal line and falling RSI some cautious view seen for coming days trade. Since Sep 2017 price tested many time 200 days SMA but not break and now trading at exact level 4525, if sustain below same than we might seen sharp fall in coming weeks.

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	65.90	63.50	71.50	75.50
MCX (Rs.)	4730	4500	5000	5175

RECOMMENDATION:

MCX Crude: Buy Only above 5000 Stop Loss below 4900 Target 5175-5300.
Sell below 4725 Stop Loss above 4850 Target 4500-4400.

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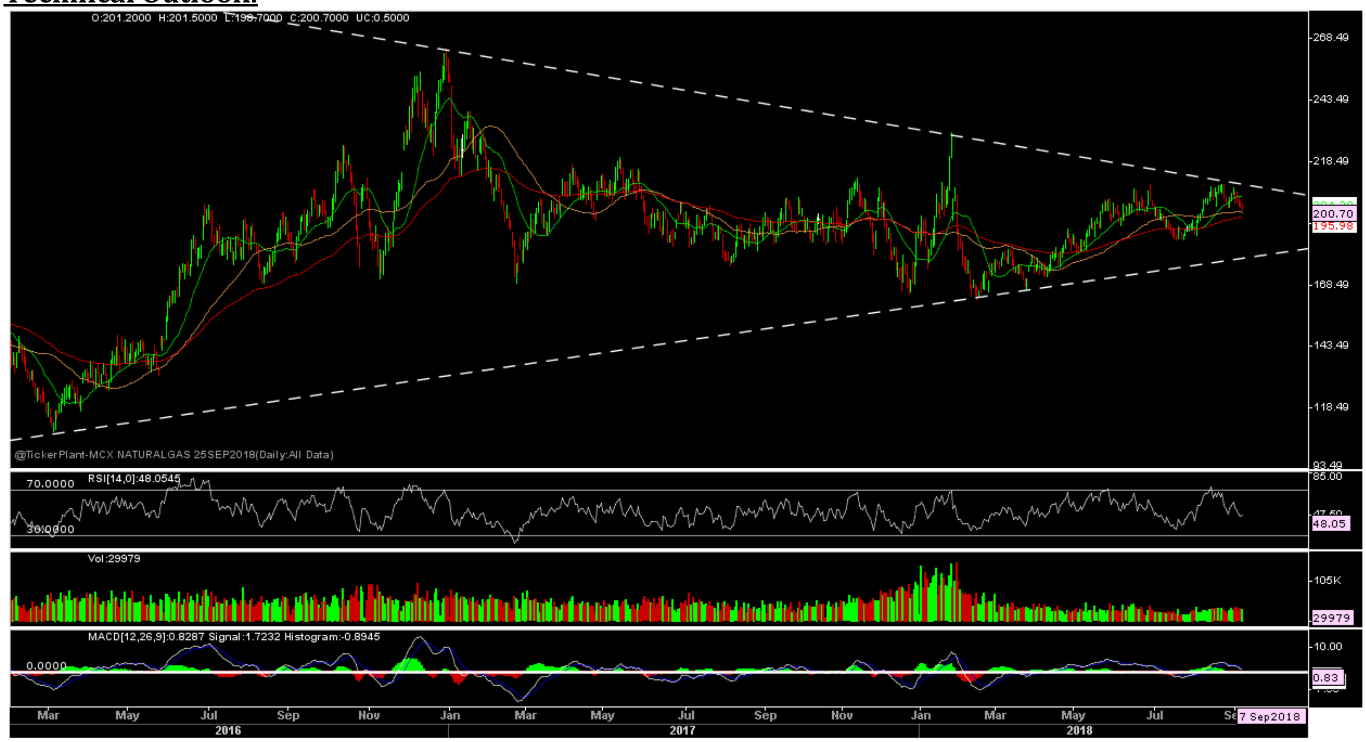
MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2018

Natural Gas

Technical Outlook:



On the Daily Chart: Natural Gas trading mostly range bound throughout Aug with triangle pattern seen narrowing indicates either side break out will resulted in sharp Rally for medium term. With price trading above all 3-SMA and MACD near zero line and resistance in RSI indicates range bound trend for some more time. However it has major hurdle at 209-211 Range break of which will test its 2018 peak in coming days.

RECOMMENDATION:

MCX NG : Buy above 207 Stop Loss below 199 for the Targets of 218-224.
Sell below 198 S/L above 204 Target 190-186 Range

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2018

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metals continue its southward journey in Aug month also as most of base metals fall sharply except Aluminum which bounce in second half of the month with Copper down by 5.5% in Aug, which was the biggest monthly drop in 2-years and the 3rd monthly fall in a row with price hit 14-month low during the month as investors were spooked by a crash in the Turkish lira and the potential impact on metals of a U.S.-China trade war. LME index of six metals plunging to a 13-month low in its worst one-day fall since July 2015 in mid Aug.
Other side worst performer Nickel sank to its lowest in more than 7-months, weighed down by worries about China's economy, escalating trade tensions and weak steel prices. Fall in base metals seen sharp after latest data from china which is highest consumer & importer of base metals shows growth seen slowing as Manufacturing activity in China, the world's biggest consumer of industrial metals, grew last month at its slowest rate in more than a year, with export orders shrinking for a fifth month and employers cutting more staff, the Caixin/Markit Manufacturing Purchasing Managers' Index showed added be trade war between US-China.

Copper, zinc, lead & Nickel the four metals are down between 16 and 26% from their June highs.

Historically, a 1% decline in global trade growth has reduced copper prices by about 4%, it means if global trade growth fell from April's 4.4% YoY to the 2015/16 average of 1.7%, copper prices could correct by 10.8% YoY to $5,400/t from current above 6000. China is the world's largest copper consumer, accounting for nearly half of global demand at around 24 million tones against U.S. accounts for about 8%. Ample supplies and worries about Chinese demand are why traders bet on lower prices.

Copper prices on the London Metal Exchange have fallen by 18% from a four-year high touched on June 7 amid concerns a trade row between the United States and China, which have slapped billions of dollars in tariffs on each other's goods, will hit demand for industrial metals.

China's zinc production fell in July to the lowest since 2013, while output of copper, lead and alumina rose.

Base metals likely to remain under pressure at every Rally as The head of China's National Development and Reform Commission said the government needed to step up efforts to achieve key development goals. Amid an escalating trade dispute with Washington, China's economy showed signs of further cooling last month with investment growth at a record low and consumers turning more cautious about spending. China's banking and insurance regulator has asked financial institutions to give more support to infrastructure investment, importers, exporters and creditworthy companies experiencing temporary problems.

In LME warehouses, on-warrant stocks available to the market rose slightly to 223,200 tonnes. Cancelled warrants - material earmarked for delivery - for copper in LME-approved warehouses - have risen above 67,000 tonnes, from around 25,000 tonnes last week. The latest number is about 25 percent of LME copper stocks. Inventories of copper in China, at 155,076 tonnes in warehouses monitored by the Shanghai Futures Exchange, have halved since a 2018 peak in March. CU-STX-SGH

The global world refined copper market showed a 31,000 tonnes deficit in May, compared with a 105,000 tonnes deficit in April, the International Copper Study Group (ICSG) said in its latest monthly bulletin. For the first 5 months of the year, the market was in a 21,000 tonnes surplus compared with a 66,000 tonnes deficit in the same period a year earlier, the ICSG said.

On data side, China Fixed-asset investment growth slowed more than expected to 5.5 percent in the first seven months of the year, highlighting weakening domestic demand and faltering business confidence amid a showdown with the United States on trade. Real estate investment in China rose 13.2 percent year on year in July, the fastest pace since October 2016. The pace of fixed asset investment was the weakest on record going back to early 1996, according to data on Reuters Eikon. Investment had been expected to grow 6% in the first 7-months of the year, steady from January-June. For July, fixed-asset investment grew 3% from a year earlier. Retail sales also missed expectations. Sales rose 8.8% in July from a year earlier, below an expected 9.1% and down from 9% in June, despite a broad import tax cut that kicked in last month. Industrial output rose 6% in July, missing analysts’ estimates for 6.3% and unchanged from June.

On supply side, The union representing workers of Chilean copper mine Escondida signed a new collective labour contract on Friday, ending the risk of a strike that could have paralysed the world’s biggest copper mine.

On domestic news, India's environment court said on Monday an independent judicial committee would decide in about six weeks whether to allow Vedanta Ltd to reopen its copper smelter, which was shut by the southern state of Tamil Nadu on environmental grounds.

Going ahead, Accelerating growth in major economies and increased infrastructure spending driving price rises for industrial commodities and energy sources beyond the multi-year highs they’re now touching. there are over 30 labour contracts, covering around five million tonnes of mine supply, due to expire this year, most of them in Chile and Peru this will keep momentum in base metals. The largest identifiable potential issue concerns the Escondida contract due June, 2018, given the 2-month strike earlier this year.

Chinese demand for industrial metals typically picks up in the second quarter ahead of construction activity over the summer months. We think construction activity is going to be more subdued this year because of the curbs on lending by the Chinese government to control the property market bubble.

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2018

NICKEL

The Indonesian government temporarily revoked export permits for 4.2 million tonnes of nickel ore and 1.5 million tonnes of bauxite, citing zero progress in smelter development.

ZINC & LEAD

Worries about a tight LME zinc market have receded as a large holding of 50 to 79% of stocks has been cut.

During the month Lead dropped as low as $1,919.50, the worst since September 2016 and the biggest daily loss in nearly seven years.

The global lead market had a deficit of 4,000 tonnes in June after a surplus of 12,000 tonnes in May, data from the Lisbon-based International Lead and Zinc Study Group (ILZSG) showed on Monday. For January to June the lead market deficit was 39,000 tonnes against a deficit of 81,000 tonnes in the same period a year ago.

ALUMINIUM

ALUMINIUM hit a 2-month high of $2,178 on last week of Aug and has climbed for 5-straight days on rising input costs for smelters. Earlier price rally after a strike at Alcoa's alumina refineries in Australia and warnings of shutdowns by Rusal revived concern about supply shortages. It hit a 15-week low of $2,000.85 in late July on expectations that the United States would allow aluminium made by Rusal, the biggest producer outside China, to keep trading on global markets and trade disputes would weaken metals demand. But with the more than 60-million tonne a year aluminium market expecting a deficit this year, investors are still wary of output disruptions

On-warrant stocks of aluminium available to the market in LME-registered warehouses have fallen to 832,775 tonnes, the lowest since 2007, supporting prices.

China's aluminium exports rose to their second-highest level on record in July, as a weaker yuan and a still-favourable price arbitrage to international markets outweighed the imposition of U.S. import tariffs and growing trade tensions. Estimated Chinese production rose to 3.11 million tonnes in July from a revised 3.05 million tonnes in June.

China's primary aluminium production climbed 12% in July from the same period a year ago, equaling its monthly record, as new smelters took output back towards levels before capacity closures in mid-2017. Global primary aluminium output rose to 5.472 million tonnes in July from a revised 5.334 million tonnes in June, data from the International Aluminium Institute data showed.

Rising input costs such as alumina and energy helped the aluminium price hit a two-month high of $2,178 a tonne earlier.

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Base Metals

TECHNICAL OUTLOOK:

COPPER:

On the Daily Chart: Copper continue its southward journey in Aug and trading below all 3-SMA, with below signal line MACD and falling RSI indicates more pain in the counter.

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	410	400	434	440

RECOMMENDATION:

COPPER MCX:- Sell below 414 & more below 410 Stop Loss above 430 Target 400-390 Range.

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2018

Buy only above 434 Stop loss below 427 Target 440-454.

LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	144	137	152	161

RECOMMENDATION:

LEAD MCX: - Sell below 145 & 144 Stop Loss above 150 Target 137-134.
Buy Only above 152 Stop Loss below 146 Target 160-162

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2018

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	**172.5**	**164.5**	**181**	**185**

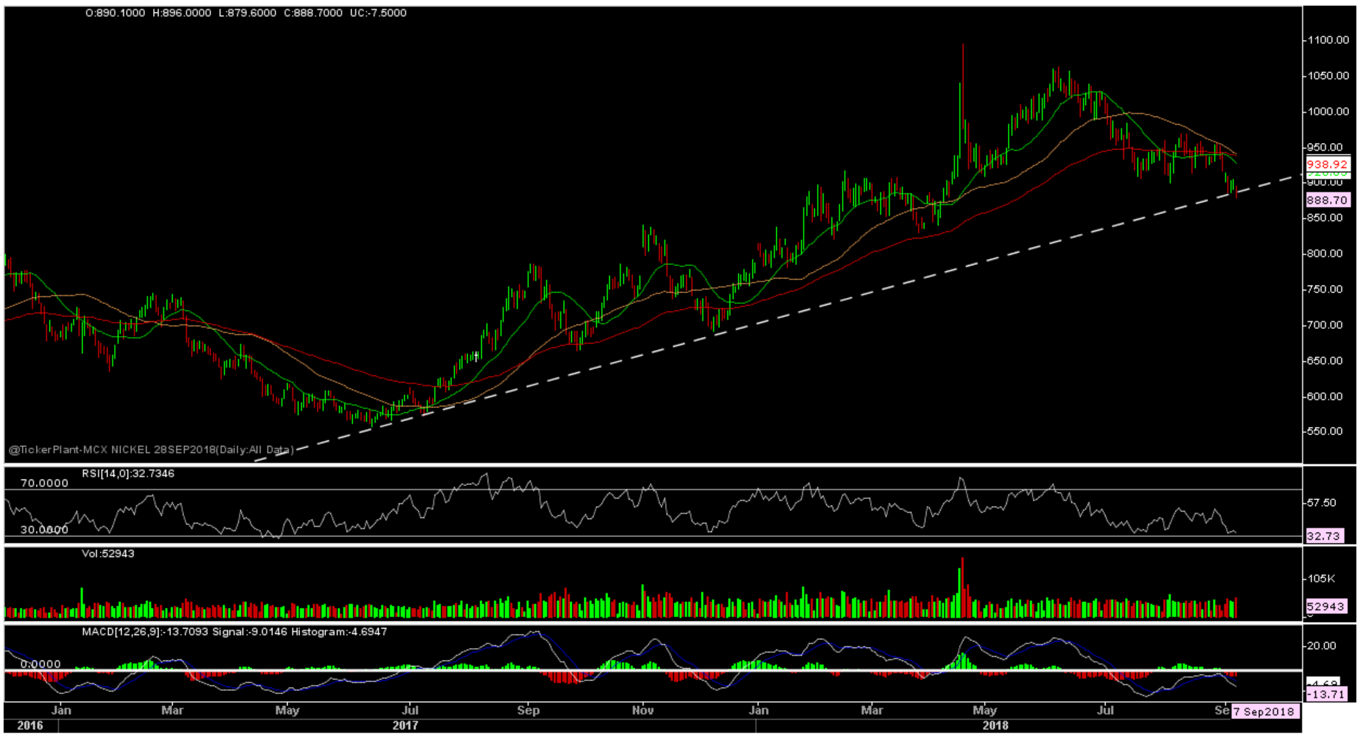
RECOMMENDATION:

ZINC MCX :- sell below 172.5 Stop Loss above 179 Target 165-164
Buy only above 180 & 181 Stop Loss below 175.50 Target 187-192

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2018

NICKEL

TECHNICAL OUTLOOK:



Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	850	830	915	950

RECOMMENDATION:

Nickel MCX :- Buy above 915 Stop Loss below 900 Target 950-965
Sell only below 875 Stop Loss above 905 Targets 850-830

MONTHLY BULLETIN (RESEARCH) Date 9th Sep 2018

BONANZA RESEARCH TEAM

Fundamental Outlook by: **Mr.Vibhu Ratandhara**

Technical Outlook by: **Mr. Vibhu Ratandhara**

BONANZA COMMODITY BROKERS PVT. LTD.

DATE- Aug 8th, 2018